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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/491,388	01/26/2000	Robert Cadoux	99629	8477

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EXAMINER	
PWU, JEFFREY C	

ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 01/27/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application N .	Applicant(s)	
	09/491,388	CADOUX, ROBERT	
	Examiner	Art Unit	
	Jeffrey Pwu	3628	

-- The MAILING DATE f this communication appears on th cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *10/17/2003 amendment*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-26* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-26* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

13)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

a) ☐ The translation of the foreign language provisional application has been received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ .
4) ☐ Interview Summary (PTO-413) Paper No(s). _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: .

DETAILED ACTION

1. Applicant's amendment dated July 6, 1999 has been received. The presentation of new claim 20-26 is acknowledged.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

3. Claims 1-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Going Public and the Nasdaq Market"-Chapter 7-The NASDAQ Handbook-1992 Edition, by Gordon S. Macklin, Abby M. Adlerman, and Kenneth Hao, herein after Macklin in view of "Handbook of Modern Finance", 1995 Edition, Dennis E. Logue, herein after Logue.

Macklin teaches a method for offering stock substantially claimed including:

- offering a first portion of shares of the stock of the initial public offering to public investor at a first price (IPO; page 103, lines 26; "Going Public");

- offering a second portion of the shares of the initial public offering to public investors at a second price after a first trading interval of a first predetermined and predisclosed time period after the offering of the first portion, wherein the first portion of the

shares and second portion of the shares are owned by the privately-held company and wherein a pricing procedure for the second portion of the shares is predisclosed prior to the first offering. (page 103; "As the stock prices appreciate due to improving market conditions or as the company builds credibility with investors, the company can structure a larger follow-on offering at a higher valuation");

▸ trading at least one portion of the shares during the at least one trading interval (pages 108-109).

Macklin does not expressly show offering a plurality of serial offering stages for the purpose of raising capital and reduce market volatility.

It was known at the time of the invention that any privately-held company before going IPO, the following basic issues are being considered:

1) When should the IPO occur?

2) How large should the offering be?

3) What will be the approximate valuation?

4) Which trading market should the company choose?

It is well known that during an IPO, the investment bankers will frequently refine their valuation analysis to incorporate the constant changing business conditions and stock market environment. It is also well known that in the investment banking industry that a serial staged IPO is similar to a shelf registration, in which bonds are traded in a first stage,

second stage, third stage, or any number of stages. It is not uncommon in an initial public offering for the issue to be a combination of a primary and secondary offering, meaning that part of the issue represents new capital for the company and part is the sale of stock by existing shareholders that wish to liquidate all or some of their holdings.

Logue shows that the offering of a primary offering, a secondary or a plurality of serial offering stages for the purpose of raising capital. It is one of the investment banking industry's most basic activity under underwriting. (See pages A2-4,5)

It would have been obvious to a person having skill in the art at the time of the invention to offer a best initial offering price for a financial instrument as taught by Macklin to best estimate a initial valuation of the stock and to offer Logue's second and/or a plurality of serial offering stages for the purpose of seeking a highest sustainable valuation at a market price during an IPO process and to attract more investors.

Response to Arguments

4. Applicant's arguments filed 10/17/2003 have been fully considered but they are not persuasive.

5. In response to Applicant's argument that the follow-on offering, of Macklin reference, is not part of an initial public offerings. In contrary, the Macklin reference discloses

and discusses everything one needs to know on going public of an initial public offering (at least in Chapter 7). A follow-on offering is simply an offering of the price at a market price. Macklin discloses the "follow-on offerings" at pages 104-112. For example, under "Valuation", "a strong after market performance makes a follow-on offering more attractive and creates credibility with the investors. The company should seek the highest sustainable valuation rather than the highest attainable valuation. Typically, investment bankers will advise a company to offer its stock at 10 to 15 percent below where they expect the stock to trade shortly after the IPO." Therefore, to establish an initial offering price at a market price. Macklin further discloses " During the IPO process, the investment bankers will frequently refine their valuation analysis to incorporate the constantly changing business conditions and stock market environment".

6. In response to Applicant's argument that the Macklin reference does not show "the second offering occurs a predetermined and predisclosed time period (i.e., the "first trading interval") after the first offering". In contrary, Macklin discloses this limitation in Chapter 7 "Going Public and the Nasdaq Market". It is investment banker's tasks to frequently refine their valuation analysis to incorporate the constantly changing business conditions and stock market environment. Macklin discloses " While investment banks conduct the most comprehensive valuations, it is critical for the company's management to under stand the logic behind valuation." Macklin further disclose the relationship of investment banks with regarding to IPO at pages 106-108. "As the main advisors and managers of the IPO process, the investment bankers draw on their experience in public offerings

to guide the company through **all** aspects of the IPO process... The second role of the investment banks involves their underwriting function. After the distribution of the preliminary prospectuses, the lead manager usually organizes a group of underwriters into a 'syndicate' to participate in the offering.

Dealers and brokers, many of whom are also members of the underwriting syndicate, take 'indication of interest' for purchase of the stock from institutional and retail investors. Based on the receipt of these indications of interest, the lead underwriter recommends a final offering size and price to the company...".

7. In response to Applicant's argument that the Macklin reference does not show "a price procedure for the second offering is disclosed prior to the initial offering". In contrary, discloses this limitation in Chapter 7 under "Offering Size", "Valuation", "Investment Banks", and "The process".

8. In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

9. Applicant's arguments do not clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made. Further, they do not show how the amendments avoid such references or objections.

Conclusion

10. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

11. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Jeffrey Pwu whose telephone number is (703) 308-7835.

Jan 25, 2004

JEFFREY PWU
PRIMARY EXAMINER